International Journal of Public Administration and Management Research (IJPAMR), Vol. 10, No. 6, 2024. Available online at http://journals.rcmss.com/index.php/ijpamr. ISSN:2350-2231(E) ISSN:2346-7215 (P) Covered in Scopedatabase- https://sdbindex.com/Sourceid/00000429, google scholar, etc.
Oguche, Daniel, 2024, 10(6):1-13

Impact of Monetary Policy on the Performance of Small and Medium Scale Enterprises in Kogi State, Nigeria

Oguche, Daniel

MSc Economics, Department of Economic, Abia State University, Uturu,
Abia State, Nigeria
Email: Oguchedaniel@gmail.com

Abstract
The study examined the impact of monetary policy on the performance of Small and Medium Scale Enterprise in Kogi state. The study adopted descriptive research design and primary data was the major instrument for data collection. The research population was infinite and a sample size of 384 was determined using the Godden sample size statistical formula. The sample size was 384 and the respondents were reached using 18 items structured questionnaire designed in a five points Likert scale. However, out of the total number of questionnaires distributed only 298 were duly completed and returned giving a retrieval rate of 78%. The data were analysed using descriptive statistical techniques specifically, mean and standard deviation while three hypotheses were tested using simple linear regression. Findings revealed that, there is a significant relationship between exchange rate and the customers satisfaction of small and medium enterprise in Kogi state. The findings further reveals that there was a significant effect between exchange rate and the sales of small and medium enterprise in Kogi state. The finding also shows that there was a significant effect between inflation and the SMEs growth in Kogi State. Premised on the findings, it was recommended that monetary authorities should formulate more viable policy options on interest rates on loans provided to owner/Managers of SMEs, this will encourage serve as an inducement for SMEs operators to undertake profitable ventures for business expansion.
Keywords: *Monetary policy, Small, business, enterprises, performance.*

Introduction

The small and medium enterprises (SMEs) play a crucial role to play in stimulating sustainability and development of every economy (Bringer, 2016). Several economies across the globe, small and medium enterprises are the major instrument for economic growth (Selim, 2013). SMEs sometimes faces myriads of challenges resulting from the nature and size of businesses. This circumstance poses threats to economic fortunes of nations and Kogi State in particular. This is quite a concern considering the fact that one of the means for stimulating SMEs performance is through monetary policy. Additionally, monetary policy stirs the way in which the quantity of supply of funds takes place in an economy. Suggesting that the activities of SMEs is greatly influenced by monetary policies (Mordi,2014). Therefore, monetary policy is one of the macroeconomic management techniques applied to influence outcomes in the real economy to its predestined destination. Thus, the fundamental objectives of monetary policy according to Moreira et al (2016) include the pursuance of stable prices of goods and services, sustainable output and employment. Again, monetary policy is targeted to influence the real sector of the nation's economy through interest rate that has effect in influencing the cost of capital as well as investment in the productive sector. More so, monetary policy influence economic output through several avenue in form of credit, interest rates, asset prices through exchange rates, equity and housing prices (Mesagan & Shobande, 2016).

This is significant because the tightening of monetary policy such as interest rate, exchange rate and inflation can be viewed as excessive for certain sectors of the nation's economy but to a greater extent enhance the performance of SMEs. There is no doubt to point out that there is a correlation between the flow of liquid cash in ever economy and the performance of SMEs. However, the extent in which such has served as an effective tool in stimulating the output of the small and medium enterprises is still a subject of debate. Several research studies have been conducted to examine the relationship between the performance of small and medium enterprises (SMEs) and economic growth. Others have specifically focused on the impact of monetary policy on economic growth in Nigeria (Nto et al., 2012; Suleyman, 2014; Atarere, 2016). However, the thrust of this research is to examine the impact of monetary policy on the performance SMEs in Kogi state.

Statement of Hypotheses

This research formulates three research hypotheses in their null form such as:
$H0_1$: There is no significant relationship between interest rate and customer satisfaction of small and medium enterprise in Kogi State.
$H0_2$: There is no significant relationship between exchange rate and sales of small and medium enterprise in Kogi State.
$H0_3$: There is no significant relationship between inflation and SMEs growth of small and medium enterprise in Kogi State.

Literature Review

Monetary policy is one of the major economic management techniques that governments apply to pursue economic fortunes. Monetary policy is widely acclaimed to be faster at tackling economic shocks (Chude & Chude, 2015, Uchenna & Audu, 2021; Uchenna & Audu, 2022). More so, monetary according to Tokunbo (2015), observed that monetary policy is a critical tool in the management of multiple monetary targets among price stability, promotion of economic growth, attainment of employment opportunities, smoothing the business ventures as well as preventing financial crises, stabilizing long-term interest rates and the real exchange rate. Therefore, Bartik et al (2020) stated that these objectives are usually targeted at maintaining price stability or ensuring low inflation rates.

There are two main control mechanisms of monetary policy and this control mechanism are referred to as tools/instruments of monetary policy and they have great impact on the proximate targets. Monetary instruments can therefore be direct or indirect. The direct instruments include setting of aggregate credit ceilings, exchange control, deposit ceiling, restriction on the placement of public deposit, special deposits and stabilisation securities while indirect instruments include cash reserve requirement, Open Market Operation, liquidity ratio, minimum discount rate and selective credit policies. Monetary policy has critical roles in the short-run which is adopted for countercyclical output stabilisation, whereas, on the long run, it is applied to achieve the macroeconomic objective of price stability, full employment, rapid economic growth and balance of payments equilibrium.

Monetary policy is a sum of activities targeted at managing the growth of money supply during a period to its optimal target. To this end, it is relevant irrespective of the economic framework in place. This suggests that the monetary authorities implement discretionary measures to manage and influence the flow, cost, and direction of money supply and credit within the economy. These measures are designed to ensure that monetary expansion occurs at a pace that aligns with the rate of

economic activity, while also maintaining overall macroeconomic stability (Jorda et al., 2020; Malik & Audu, 2023). Furthermore, the success or failure of monetary policy can be accessed on the basis of its impact on economic growth as well as on the domestic and external stability of the economy. One important impact of monetary policy is that of stabilizing the economy, that is, it should stimulate the economy in recession and dampen it in periods of inflation.

The exchange rate channel propagates monetary policy through the foreign exchange market. In an open economy, with relatively developed financial markets interest rate and exchange rate differentials stimulate foreign exchange flows between nations and induce monetary adjustments. In effect, the exchange rate channel exists through the substitution of the external assets for a domestic asset. Therefore, in the process, the effects of policy are transmitted within and to the external economy as should be expected. The three transmission channels do not necessarily work independently of each other but operate in such a way as to reinforce each other in propagating monetary stimuli to the economy. The observed channels of monetary transmission (liquidity, credit and exchange rate) are also applicable in Nigeria though the strength and significance of the channel may not be stable over the years.

An interest rate is seen as the amount of interest due per period, as a proportion of the amount lent, deposited or borrowed (Makinde et al, 2020). The total interest on an amount lent or borrowed is determined by several factors: the principal sum, the interest rate, the frequency of compounding, and the duration for which the amount is lent, deposited, or borrowed. Interest is typically viewed as the portion of the loan amount that a lender charges the borrower, and it is usually expressed as an annual percentage.

An exchange rate is the value of one nation's currency expressed in terms of another currency. It consists of two components: the domestic currency and a foreign currency. Exchange rates can be quoted in two ways: directly or indirectly. In a direct quotation, the value of one unit of foreign currency is given in terms of the domestic currency. Conversely, in an indirect quotation, the value of one unit of domestic currency is expressed in terms of the foreign currency. Exchange rates are typically quoted in relation to the United States dollar. However, they can also be quoted against another nation's currency, which is referred to as a cross currency or cross rate (Peterson, 2020).

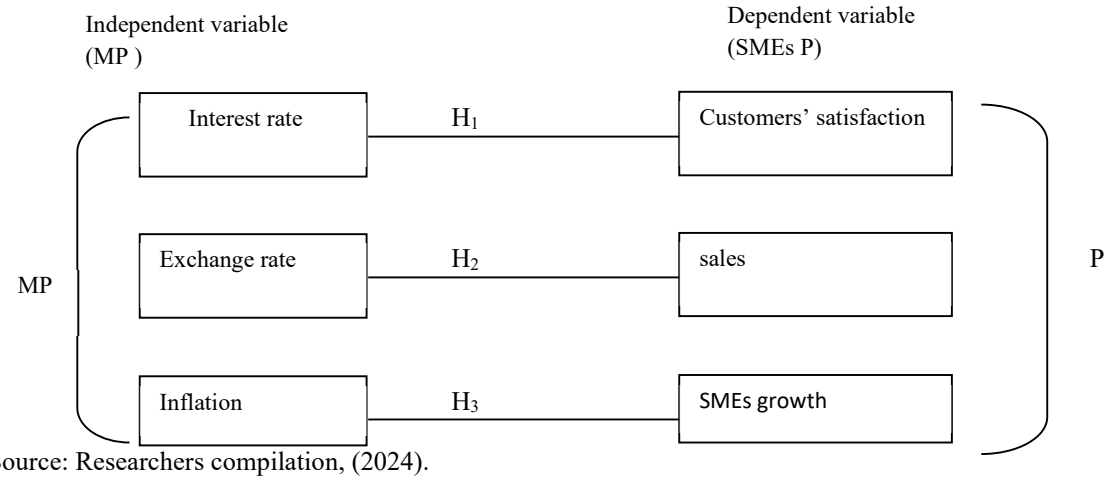
Exchange rates can be classified as either floating or fixed. A floating exchange rate is determined by market forces and is the norm for most major economies. In contrast, some countries choose to fix or peg their domestic currencies to a widely accepted currency, such as the United States dollar. The rationale behind fixing an exchange rate is often to reduce volatility or to better manage trade relations. Additionally, inflation is a term frequently encountered in economic discussions, but it is often misunderstood. While there are various experts on inflation, economists generally agree that it refers to a continuous increase in the prices of goods and services. Therefore, inflation describes an economic situation characterized by a sustained rise in the prices of goods and services over time. Inflation is seen as a general increase in the rate of prices of goods over a period of time in an economy (Kalu, 2017), thus, it is a persistent rise in the prices of commodities and services, which results to a fall in the currency's purchasing power. though inflation is a common concept in several market-oriented economies, and there exist a compendium of empirical research on the over-arching challenges of inflation, yet only few seems to be clearly informed about the determinants, mechanics and the actual impact of inflation on national economic growth. More so, inflation according to Fu and Liu (2015) is the rate of increase in prices of products or services over a given period of time.

Inflation is therefore a typical broad measure, such as the overall increase in prices or the increase in the cost of living in a nation. Thus, it can also be more narrowly measured for certain products. Hence, no matter the context, inflation represents how much more expensive the relevant set of products and/or services has become over a certain period, most commonly a year (Buwuah, 2014, Nzewi & Audu, 2023).

Concept of Small and Medium Enterprises

Small and medium scale enterprises is seen as that the kind of business with few numbers of employees, sales volume and which area of operations is within a particular locality (Imanche et al, 2020). Though, it is difficult to use a single variable to conceptualize small and medium scale enterprises as Alexander et al (2020) noted that there are several indices to describe small and medium-scale enterprises (SMEs) however, the major indices include managerial techniques, accounting procedure, area of operations, sales volume and so on. Though, Olufemi (2020) revealed that one of the key constraints facing researchers in defining SMEs is the complexities of indices such as the number of employees, sales, capital, market share, profit, energy consumption, value-added, managed by owner-managers, lower level of hierarchy and specialization, insufficient financial resources and absence of modern managerial techniques thus, posing the challenge of having a unified concept of SMEs. However, it is important to point out here that this concept varies with locations for example, of SMEs are usually derived in each country, for instance, a small and medium scale enterprises in the developing economies could be a medium or large-scaled enterprises in other less developed nations. Again, the definition of SMEs also varies with time frame and from one agency or developing institutions to another, depending on their policy direction (Imoughele and Ismail 2014).

Conceptual Model
The diagramic relationship is presented in figure 1.



Source: Researchers compilation, (2024).

Fig 1: conceptual model

The figure shows the conceptual model which displays the relationship between the independent and dependent variables. The figure specifically shows the relationship between interest rate, exchange rate and inflation on customer satisfaction, sales and SMEs growth in Kogi State.

Research Methodology

This study adopts the descriptive research survey design technique. This technique is applied as survey research in which a group of persons or items are collected by collecting and analyzing data from respondents or items which represents the entire population. Therefore, this study which examines monetary policy and SMEs performance in Kogi State involved collecting data through primary sources. The primary data obtained is through a structured questionnaire. The population of this study comprised the entire SMEs owner managers of who engages in Kogi State. The population is considered infinite considering the fact that determining the total population is difficult if not impossible owing to the fact that some are not registered with the relevant bodies and in some instances the respondents are mobile. On this note, research adopts the Godden (2004) sample size determination statistical formula for an infinite population.

The Godden (2004) formula denoted as.:

$$SS = \frac{Z^2 (P)(1-P)}{C^2} \quad \text{-- equ (1)}$$

$$\text{New SS} = \frac{SS}{1 + \frac{(SS-1)}{\text{Population}}} \quad \text{equ (2)}$$

Where SS = Sample size
Z = Confidence level 95 %
P = Percentage of population (50%)
C= Confidence interval = 5 % (0.05)

$$SS = \frac{1.96^2 (0.5)(1-0.5)}{0.05^2} \quad \text{equ (1)}$$

$$SS = \frac{3.8416 (0.5)(1-0.5)}{0.0025}$$

$$SS = \frac{0.9604}{0.0025}$$

$$SS = 384$$

However, out of the total of 384 questionnaires distributed only 298 were duly completed and retrieved giving a response rate of 78%.

The questionnaire was the major source of primary data; the study designed a well-structured questionnaire. The questionnaire contained research questions bordering on both independent and dependent variables. The questionnaire was close ended questionnaire with a five- point Likert-scale responses of strongly agree (5), Agree (4), Undecided (3), Disagree (2) and strongly disagree (1) were used in the second section. The study employed the services of three trained research assistants who helped in the administration of the research questionnaire.

More so, the research questions were analyzed using mean and standard deviation with the decision rule to accept any mean value with 3.00 and above.

The parametric statistics used in testing the hypotheses is simple linear regression analysis which is an inferential technique of examining the strength of relationship between the independent and dependent variables. This was aided with the statistical package for social sciences (SPSS) version 27.

Reliability of the Instrument

Reliability of this study was conducted to determine the internal consistency of the research instrument. Thus, any coefficient of reliability having up to 0.70 and above is considered reliable. On this note, in testing the reliability of the research instrument, the researcher conducted a pilot study by distributing questionnaires numbering twenty (20) to the target respondents; the Cronbach Alpha coefficient measure of internal consistency was adopted. The reliability of the research instrument using Cronbach alpha reliability test yielded the result of 0.89 for items on independent variable, 0.86 for items on dependent variable hence giving the average reliability result of 0.88. The reliability result is showed in table 1.

Table 1. Reliability Statistics

Proxies/ Independent Variable	Number of items	Cronbach Alpha
Independent variable	9	0.89
Dependent Variable	9	0.86

Source: SPSS statistical analysis

The table revealed that all the variables have Alpha Values above 0.70 thus, the instrument is deemed reliable.

Data Presentation and Analysis

Table 2: Distribution of Responses on Monetary policy

S/N	Questionnaire Items	Mean	SD	Decision
	Interest rate			
1	I do access loan for my business with sustainable interest rate	2.76	0.24	Rejected
2	Credit facilities are always available for my business	2.96	1.72	Rejected
3	I am very concerned about interest rate	2.54	0.43	Rejected
	Exchange rate			
4	I am concerned about exchange rate	**3.53**	0.54	Accepted
5	Exchange rate affects my business activities	3.65	0.76	Accepted
6	My business is suffers from the effects of exchange rate volatility	3.76	0.75	Accepted
	Inflation			

7	I am concerned about the rate of inflation	3.57	0.47	Accepted
8	My business is influenced by the rate of inflation	3.74	1.27	Accepted
9	I am confident that my business would have strive more if not for inflation	3.59	0.85	Accepted
	Grand mean	3.01	0.78	

Source: Field Survey, 2024

Table 2 focuses on the distribution of responses regarding monetary policy in Kogi State. The research relies on the calculation of mean statistics and standard deviation, using a threshold of 3.00 for determining acceptability. On the question on whether respondents do access loan for their businesses with sustainable interest, the mean value is 2.76 and standard deviation is 0.24 which support the criteria for rejection. In addition, for the question on whether respondents credit facilities are always available for their businesses the mean value is 2.96 and standard deviation is 1.72 which support the criteria for rejection. More so, for the question on whether respondents very concerned about interest rate, the mean is 2.54 and standard deviation is 0.43 which support the criteria for rejection. In addition, for the question on whether concerned about exchange rate, the mean is 2.53 and standard deviation is 0.54 which supports the criteria for rejection. Additionally, the for the question on whether exchange rate businesses activities, the mean is 3.65 and standard deviation is 0.76 which support the criteria for acceptance. For the question on whether respondents' business suffers from the effects of exchange rate volatility, the mean is 3.76 and standard deviation is 0.75 which supports the criteria for acceptance. For the question on whether respondents are concerned about the rate of inflation, the mean is 3.57 and standard deviation is 0.47 which support the criteria for acceptance. For the question on whether respondents' business is influenced by the rate of inflation, the mean is 3.74 and standard deviation is 1.27 which support the criteria for acceptance. Finally, for the question on whether respondents confident that my business would have striven more if not for inflation. the mean is 3.59 and standard deviation is 0.85 which support the criteria for acceptance. The average mean is 3.01 and standard deviation 0.78 suggesting that the independent variable (monetary policy) fall within the acceptance threshold.

Table 3: Distribution of Responses on SMEs performance

S/N	Questionnaire Items	Mean	SD	Decision
	Customer satisfaction			
1	I perceived that my customers are satisfied with my business	3.11	0.54	Accepted
2	Customers are always willing to patronize my business	2.65	0.66	Rejected
3	I observed that customers are always willing to patronize my business after first purchase	2.87	1.03	Rejected
	Sales			
4	I am concerned about the rate of sales of my products	3.43	0.86	Accepted
5	I am satisfied with the rate of sales of my products	3.21	1.71	Accepted
6	I am confident that my products will be patronize by customers continuously.	3.46	0.89	Accepted
	SMEs growth			
7	I am concerned about the continuous growth of my business	3.13	0.32	Accepted
8	I expects my business to expand beyond this in the nearest future	3.34	0.64	Accepted
9.	I am confident that my business will be sustainable	3.26	0.82	Accepted
		3.16	0.83	

Source: Field Survey, 2024

Table 3 focuses on the distribution of responses regarding SMEs performance in Kogi state. The research relies on the calculation of mean statistics and standard deviation, using a threshold of 3.00 for determining acceptability. On the question on whether respondents perceived that their customers

are satisfied with their businesses, the mean value is 3.11 and standard deviation is 0.54 which support the criteria for acceptance. In addition, for the question on whether customers are always willing to patronize their businesses the mean value is 2.65 and standard deviation is 0.66 which support the criteria for rejection. Again, for the question on whether respondents observed that customers are always willing to patronize their businesses after first purchase, the mean is 2.87 and standard deviation is 1.03 which support the criteria for rejection. In addition, for the question on whether respondents are concerned about the rate of sales of their products, the mean is 3.43 and standard deviation is 0.86 which supports the criteria for acceptance. More so, the for the question on whether respondents are satisfied with the rate of sales of their products, the mean is 3.21 and standard deviation is 1.71 which support the criteria for acceptance. For the question on whether respondents are confident that their products will be patronize by customers continuously, the mean is 3.46 and standard deviation is 0.89 which supports the criteria for acceptance. For the question on whether respondents are concerned about the continuous growth of their businesses, the mean is 3.13 and standard deviation is 0.32 which support the criteria for acceptance. For the question on whether respondents expect their businesses to expand beyond the current state in the nearest future, the mean is 3.34 and standard deviation is 0.64 which support the criteria for acceptance. Finally, for the question on whether respondents are confident that their businesses will be sustainable. the mean is 3.26 and standard deviation is 0.82 which support the criteria for acceptance. The average mean is 3.16 and standard deviation 0.83 suggesting that the dependent variable (performance of SMEs fall within the acceptance threshold.

Test of Hypotheses

Hypothesis 1

H_1**:** There is no significant relationship between interest rate and customers satisfaction.

Table 4 : Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.887[a]	.786	.785	.23674	2.1252

a. Predictors: (Constant),
b. Dependent Variable: customers satisfaction

The model summary table reports the strength of relationship between the independent and dependent variables. The result of R stood at 0.887 indicating a strong relationship between the dependent variable customers satisfaction and the explanatory variable interest rate. The coefficient of multiple determinations R^2 measures the percentage of the total change in the dependent variable that can be explained by the independent or explanatory variable. The result indicates a R^2 of .786 showing that 77% of the variances in customers satisfaction is explained by interest rate while the remaining 23% (i.e. 100 – 77) of the variations could be explained by other variables not considered in this model.
The adjusted R-square compensates for the model complexity to provide a fairer comparison of model performance. The result is supported by the value of the adjusted R which is to the tune of 77% showing that if the entire population is used, the result will deviate by 10.1% (i.e. 88.7 – 78.6), with the linear regression model, the error of the estimate is 0.23674. The result of Durbin Watson test shows 2.1252 therefore it shows that there is no auto correlation.

Table 5 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	252.453	1	252.453	2237.116	.000[b]
	Residual	43.325	297	.184		
	Total	2955.778	298			

a. Dependent Variable: customers satisfaction
b. predictors: (constant), interest rate

The ANOVA table confirms the results of model summary, analysis of the result revealed that F = 2237.116 which is significant at (0.000) < 0.05. Hence, since the P-value < 0.05 (critical value), the null hypothesis that there is no relationship between interest rate and customers satisfaction is rejected.

Table 6 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.432	.034		14.226	.000
	Interest rate	.642	.022	.542	32.236	.000

a. Dependent Variable: customers satisfaction

The coefficient provides information on how the explanatory variable (the estimated coefficient or beta) influences the dependent variable. The result shows that the regression constant is 0.642 giving a predictive value of the dependent variable when all other variables are zero. The coefficient of interest rate is 0.542 with p-value of 0.000 less than (0.05%) critical value. Therefore, it can be concluded that the null hypothesis that there is no relationship between interest rate and customers satisfaction is rejected.

Hypothesis 2

H_2**:** There is no significant relationship between exchange rate and sales.

Table 7 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.793[a]	.629	.628	.21983	2.4282

a. Predictors: (constant), exchange rate
b. Dependent variable: sales

The model summary table reports the strength of relationship between the independent and dependent variable. The result of R stood at 0.793 indicating a strong relationship between the dependent variable exchange rate and the explanatory variable sales. The coefficient of multiple determinations R^2 measures the percentage of the total change in the dependent variable that can be explained by the independent or explanatory variable. The result indicates a R^2 of .629 showing that 63% of the variances in exchange rate is explained by sales while the remaining 37% (i.e. 100 – 63) of the variations could be explained by other variables not considered in this model. The adjusted R-square compensates for the model complexity to provide a fairer comparison of model performance. The result is supported by the value of the adjusted R which is to the tune of 63% showing that if the

entire population is used, the result will deviate by 16.4% (i.e. 79.3 – 62.9). With the linear regression model, the error of the estimate is 0.21983. The result of Durbin Watson test shows 2.4282 therefore it shows that there is no auto correlation.

Table 8 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	362.153	1	362.153	2632.134	.000[b]
	Residual	25.332	297	.432		
	Total	387.485	298			

a. Dependent variable: sales
b. Predictors: (constant), exchange rate

The ANOVA table confirms the results of model summary, analysis of the result revealed that F = 2632.134 which is significant at (0.000) < 0.05. Hence, since the P-value < 0.05 (critical value), the null hypothesis that there is no relationship between exchange rate and sales is rejected.

Table 9 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.221	.044		2.431	.000
	Exchange rate	1.132	.036	.652	21.322	.000

a. Dependent Variable: sales

The coefficient provides information on how the explanatory variable (the estimated coefficient or beta) influences the dependent variable. The result shows that the regression constant is 0.221 giving a predictive value of the dependent variable when all other variables are zero. The coefficient of exchange rate is 1.132 with p-value of 0.000 less than (0.05%) critical value. Therefore, it can be concluded that the null hypothesis that there is no relationship between exchange rate and sales is rejected.

Hypothesis 3

H_3: There is no significant relationship between inflation and SMEs growth.

Table 10 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.875[a]	.766	.765	.23672	2.1572

a. Predictors: (constant), inflation
b. Dependent variable: SMEs growth

The model summary table reports the strength of relationship between the independent and dependent variable. The result of R stood at 0.875 indicating a strong relationship between the dependent variable SMEs growth and the explanatory variable inflation. The coefficient of multiple determinations R^2 measures the percentage of the total change in the dependent variable that can be explained by the independent or explanatory variable. The result indicates a R^2 of .766 showing that 77% of the variances in SMEs growth is explained by the inflation while the remaining 23% (i.e. 100

– 77) of the variations could be explained by other variables not considered in this model. The adjusted R-square compensates for the model complexity to provide a fairer comparison of model performance. The result is supported by the value of the adjusted R which is to the tune of 76% showing that if the entire population is used, the result will deviate by 10.9% (i.e. 87.5 – 76.6) with the linear regression model, the error of the estimate is 0.23672. The result of Durbin Watson test shows 2.1572 therefore it shows that there is no auto correlation.

Table 11 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	346.227	1	346.227	2253.027	.000[b]
	Residual	27.154	297	.119		
	Total	373.381	298			

a. Dependent variable: SMEs growth
b. Predictors: (constant), inflation

The ANOVA table confirms the results of model summary, analysis of the result revealed that F = 2253.027 which is significant at (0.000) < 0.05. Hence, since the P-value < 0.05 (critical value), the null hypothesis that there is no relationship between inflation and SMEs growth is rejected.

Table 12 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.064	.028		1.432	.000
	inflation	1.32	.019	.762	32.165	.000

a. Dependent Variable: SMEs growth

The coefficient provides information on how the explanatory variable (the estimated coefficient or beta) influences the dependent variable. The result shows that the regression constant is 0.64 giving a predictive value of the dependent variable when all other variables are zero. The coefficient of inflation is 0.64 with p-value of 0.000 less than (0.05%) critical value. Therefore, it can be concluded that the null hypothesis that there is no relationship between inflation and SMEs growth is rejected.

Conclusion

This study examined the influence of monetary policy on the performance of small and medium scale enterprises in Kogi state, from empirical evidences the results have shown that major determinants of SMEs growth are variables which bothered on interest rate, exchange rate and inflation. This implies that the survival of small and medium scale enterprises is largely influenced by monetary policy. Therefore, it can be concluded that there is a significant positive relationship between monetary policy and the growth of small and medium scale enterprises in Kogi state.

Recommendations

Premised on the findings and conclusion from this study the research recommends that monetary authorities should formulate more viable policy options on interest rates on loans provided to owner/Managers of SMEs, this will encourage serve as an inducement for SMEs operators to undertake profitable ventures for business expansion, SMEs sales growth and improvement in added value. Additionally, there is need for enlightening of a consistent monetary policy framework that should encourage a sustainable exchange rate. Finally, the regulatory bodies particularly the Central Bank of Nigeria should strengthen its policy targeted at curtailing the rate at which domestic price levels fluctuate with the view to addressing inflation so that SMEs could have the impetus in pursuing

a sustainable business venture and as well be able to compete favourably amidst the current economic reality in Nigeria.

References

Alexander, B; Marianne B; Zoe, B.C; Edwrd, L.G; Michael, L; Christopher, S. (2020). The Impact of Covid-19 on Small Business Outcomes and Expectations Working paper 20-102.

Bartik, A; Bertrand, M; Cullen, Z.O; Glaeser E.L; Luca, M; Stanton, C. (2020). The Impact of Covid-19 on Small Business Outcomes and Expectations working paper 20-102. Retrieved from www.ssm.com.

Bawuah, B., Yakubu, A. S., &Alhassan, M., (2014). The effects of interest rate on micro, small and medium enterprises financing decision in Wa municipality of Ghana. International Journal of Business, Humanities and Technology 4, (4).

Bringer, B.R; Ireland, R.D. (2016). Entrepreneurship: Successfully Lunching New Ventures. England: Pearson Education Limited.

Chude, D. I., & Chude, N. P., (2015). Impact of inflation on economic growth in Nigeria. International Journal of Business and Management Review 3 (5) 26-34.

Fu, Q., & Liu, X. (2015). Monetary policy and dynamic adjustment of corporate investment: A policy transmission channel perspective. China Journal of Accounting Research, 8, 91-109 .doi:10.1016/j.cjar. 2015.03.001

Imanche, S.A; Tian, Z; Tian, Z; Tasinda, O.T; Salisu, G.D. (2020). Effect of Covid-19 Pandemic on Small and Medium Scale Businesses in Nigeria. International Journal of Research Publications.

Imoughele, L. E., & Ismaila, M. (2014). The impact of commercial bank credit on the growth of Small and Medium Scale Enterprises: econometric Evidence from Nigeria (1986-2012). Journal of Educational Policy and Entrepreneurial Research (JEPER) 1 (2)

Jorda, O; Singh, S.R; Taylor, A.M. (2020). Longer-run Economic Consequences of Pandemics. National Bureau of Economic Research. Retrieved from www.frb-sf.org.

Kalu, E. O. (2017). How does monetary policy and private sector credit interact in developing economy? Intellectual economics, 10, 92-100. doi:10.1016/j.intele.2017.03.001

Makinde, F; Nwosu, S; Ajaja, T; Alagbe, J. (2020). Covid-19 case update: Adeboye, Oyedepo, Okonkwo, Adeyemi, others holds online services. Retrieved from https://punching.com/covid-19.

Malik,A.A., Audu, S. (2023). Globalization as Catalyst for International Entrepreneurship. Journal of Internationals Relations Security and Economic Studies, 2(3),65-72. Retrieved from http://journals.rcmss.com/index.phb/jirses/article/view/822.

Mesagan, E. P., and Shobande, O. A. (2016). Role of Apex Banks: The Case of Nigerian Economy. *Journal of Economics and Business Research*, *22*(2), 171-186.

Mordi, C. N. O. (2014). Effects of Monetary Policy on the Real Economy of Nigeria: A Disaggregated Analysis. *Central Bank of Nigeria,* Occasional Paper No 54.

Moreira, R. R., Chaiboonsri, C., &Chaitip, P. (2016). Analyzing monetary policy's transmission mechanisms through effective and expected interest rates: An application of MS-models, Bayesian VAR and co integration approaches for Brazil. International Journal of Monetary Economics and Finance (7) 1-12.

Nto Philips, O. O., Mbanasor, J. A. &Osuala, A. E., (2012). Influence of monetary policy variables on loan supply to Small and Medium Scale Enterprises in Nigeria.

Nzewi, H.N., Audu, S. (2023). Job Embeddedness and Employees Retention in Deposit Money Banks , Kogi State, Nigeria. Journal of Public Administration, Policy and Governance Research, 1(1), 13-32. Retrieved from http://jpapgr.com/index.phb/research/article/view/4.

Olafemi, V; Bayomi, O.O. (2020). Covid -19 Pandemic Impact of Socio-Demographic factors and parents life Orientation on Enforced learning in pupils during lockdown in Nigeria. An International multidisciplinary double-blind peer-review Research Journal.

Peterson, O. (2020). Covid-19 Pandemic and Economic Crises: The Nigerian Experience and Structural Causes. SSRN Electronic Journal.

Selim, S. (2013). The Effects of the Monetary Policies on Bank Credit for SME's in the Manufacturing Sector: Evidence from Turkey. Research and Development, Department of SME's, Istanbul Chamber of Commerce. https://editorialexpress.com/cgibin/ conference/download.cgi?db_name=SERC2013&paper_id=226. Accessed18/11/2016.

Suleyman, S., (2014). The effects of the monetary policies on bank credit for SME's in the manufacturing sector: Evidence from Turkey. Istanbul Chamber of Commerce Department of SME's

Uchenna, A.C., Audu, S.J. (2021). Business Process Reengineering and Performance of Manufacturing Firms in North-Central Nigeria. Journal of Good Governance and Sustainable Development in Africa, 6(3),75-87. Retrieved from http://journals.rcmss.com/index.phb/jddsda/article/view/282.

Uchenna, A.C., Audu, S.J. (2022). Dynamic Capability and the Performance of West African Ceramics Limited Ajaokuta, Kogi State. International Journal of Democratic and Development Studies, 5(2),15-30. Retrieved from http://journals.rcmss.com/index.phb/ijdds/article/view/605.